sense

89th consecutive issue
in a series of periodicals
devoted to strategic
communications issues
affecting top management.

89

The Globalization of American Industry

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The Standard Oil Company

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Lippincott & Margulies Inc

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Lippincott & Margulies Inc, founded in 1945, is the pioneer identity management consulting firm. Through its work for more than 2,500 corporations worldwide, the company has developed the process of creating proprietary identities for corporate entities, retail establishments and product brand lines in every major industry sector.

Consultants at Lippincott & Margulies represent diverse fields of expertise and are highly specialized in all phases of identity management, including: communications analysis and strategic planning; visual identification systems; name development and nomenclature systems; trademarks; marketing; and communications program development.

sense

Letter from the Publisher

In Sense 89, we concentrate on the role communications plays in the globalization of American industry. The perspective we offer here is two-pronged and, we believe, doubly unique.

First, we present the findings of a research survey in which we asked corporate communications executives about globalization's effect on their companies' corporate identity practices.

Second, our treatment of globalization is enriched by the commentary of the heads of four multi-national corporations. For their insights on this phenomenon, we are grateful to Chairmen and Chief Executive Officers James D. Robinson III, American Express Company; Robert B. Horton, The Standard Oil Company; Takuro Isoda, Daiwa Securities America, Inc., and Edmund T. Pratt, Jr., Pfizer, Inc.

The pace at which the world is becoming a global village lends a degree of urgency to the need for U.S.-based companies to be concerned about their global image. Yet in the survey's major finding, nearly two-thirds of the respondents said that corporate identity outside the U.S. was not a high priority.

This suggests two realities. Corporate America has not exported the corporate-image making techniques it has perfected domestically to meet global needs. Nor have American businesses recognized the power of using corporate identity practices as a mainstream business tool to gain competitive advantage. This is true despite our operating in an environment where our traditional world power strengths, such as a stable currency, high productivity and technological advances, have been diluted by foreign competition.

Why should American businesses develop their corporate identities to accommodate the realities of globalization? First, because success in any business environment is, in our experience, profoundly affected by the perceptions of major audiences. Second, because companies that fail to shape their own images risk having their competitors perform the task for them.

We welcome your comments on the survey's findings and the observations of our impressive panel of globalization experts.

Alice Rajt

Chairman and
Chief Executive Officer

America's Global Identity Crisis
A Survey of Corporate Communications Executives

U.S. companies have failed to align their corporate identities with the realities of the international marketplace and harness the potential value of corporate image-building techniques as a competitive tool.

This is the major and most surprising finding of our survey of Fortune 500 senior communications executives.

Two-thirds of the 100 executives responsible for their companies' corporate communications programs said that corporate identity outside the United States was not a high priority. Only a third acknowledged that concern about global identity has increased over the past two years.

The dangers of *not* addressing this globally competitive issue—such as income declines and lack of recognition—were cited by executives of companies that have already initiated global identity programs. Further, this group indicated that global identity concerns run high among senior management at their companies.

	Total Sample	Industrial	Service
Total Sample	100	50	50
All approvals handled through one office	63	27	36
Have separate communications officer in each market	25	15	10
Have international style manual	24	16	8
Allow senior executive in each market to make his own decisions	25	14	11

Of the companies polled, 63 percent handle all approvals for identity practices through one office. Conversely, one in four allow senior executives in each market to make their own decisions.

That companies operating predominantly in the U.S. have expressed so little concern about global corporate identity belies the reality of today's global economy. American companies—even those that don't compete overseas—can no longer afford to think in provincial terms of a "domestic" marketplace because oveseas-based businesses are competing with them and winning a significant share of the U.S. domestic market.

U.S. companies with existing operations in three or more countries did express concern about their global identities, but less than half labeled it a high priority. Among companies with operations in one or two countries, only one in ten showed concern. Service companies demonstrated even less concern with global identity than their industrial counterparts.

The issue of global identity, however, has not escaped the view of upper management. In more than half of the companies surveyed that have initiated programs to enhance their global identities, the chief executive was involved directly. Further, senior management was identified as the driving force behind the establishment of global identity programs by three of five respondents.

The respondents also gave individual American businesses low grades in projecting accurate corporate identities on a global

basis. Two-thirds cited IBM, and one-quarter, Coca-Cola as companies that projected an accurate global identity; but no other company was mentioned by more than ten percent of the respondents.

Most senior executives surveyed cited marketing objectives–e.g., aiding sales abroad and responding to the competitive environment–as the most important reasons for their companies' interest in global identity. But they seemed to discount the need for global identity policies and practices brought on by the globalization of the financial markets. This finding was surprising, because as U.S. corporations compete more frequently in foreign markets, they increasingly will be pitted against established firms with strong local identities.

At companies that have undertaken global corporate identity programs, communications executives said that nearly 75 percent of their chief executive officers were directly involved in the process.

Among companies actively planning to enhance their global identities, interest was stimulated by a variety of reasons. Acquisition, global restructuring and mergers were most commonly cited, but none by more than 16 percent of the respondents. Given the tremendous increase in mergers, acquisitions and other corporate transactions–by American companies doing business in foreign markets and by foreign companies with U.S. interests–these numbers could be expected to be greater.

Today's global village has created a dual challenge for business leaders–vast new opportunities overseas, accompanied by domestic pressures from foreign investors and competitors. And while corporate identity is better understood today as a major competitive dynamic issue, it has been viewed almost exclusively as domestic. Shortsighted? We think the results of this survey, in light of current economic and business trends, make such a conclusion inescapable.

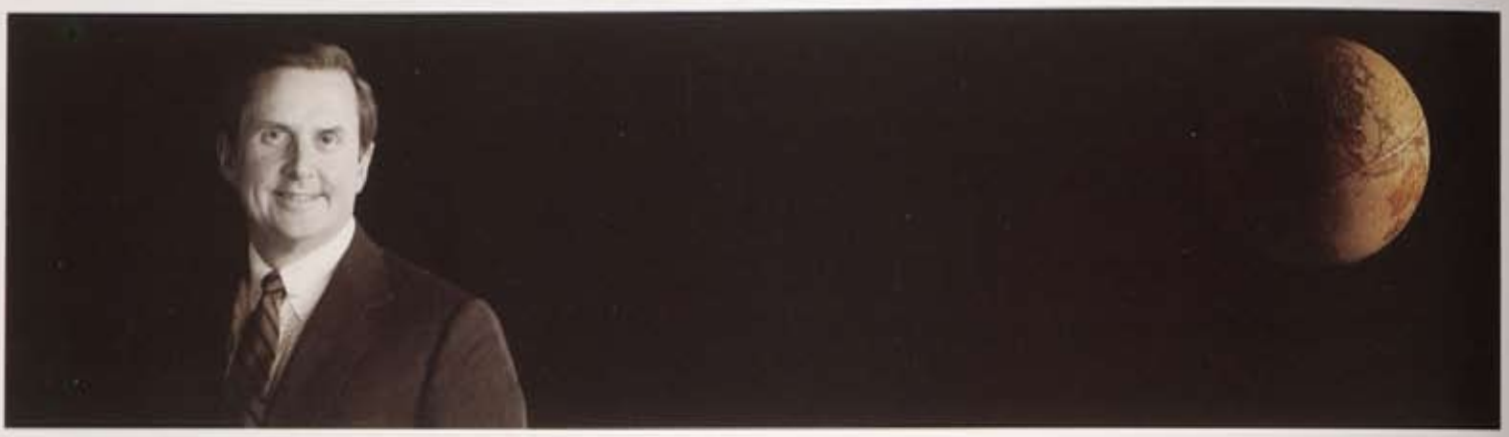
Aiding sales abroad (44)
Responding to competitive environment (16)
Enhancing stock prices through foreign investment (11)
Gaining domestic perception as a worldwide company (10)
Raising money in foreign markets (10)
Creating more favorable, worldwide environment for hiring (4)
Enhancing opportunities and gaining concessions for building plants overseas (2)
% 100
80
60
40
20
( ) Average percentage of total sample
Industrial
Service

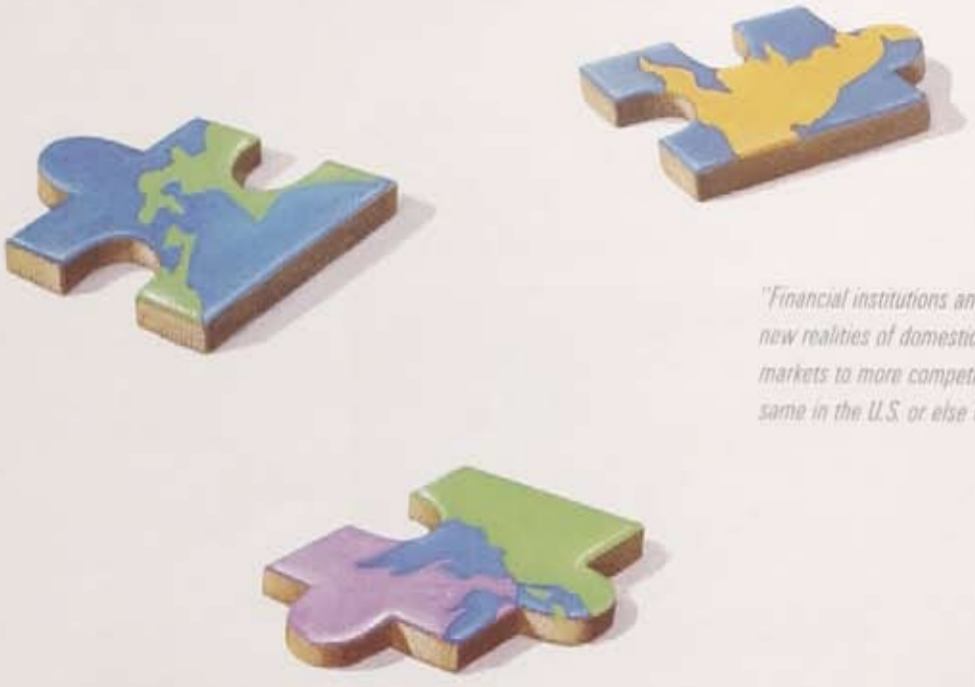
Nearly two thirds of the respondents cited marketing objectives, such as aiding sales abroad, as important reasons for their interest in global identity. Financial transactional objectives, including raising money in foreign markets, were mentioned far less often.

James D. Robinson III

Chairman and Chief Executive Officer

American Express Company





"Financial institutions and regulators around the world are coming to grips with the new realities of domestic and international marketplaces...They're opening up the markets to more competition, and that's very constructive. We need to do the same in the U.S. or else we'll be left behind."

What does globalization mean to the capital markets?

Technology has totally transformed the way financial intermediation has taken place. In years past, it was simply a matter of local depositors putting their funds in a bank or thrift institution and that institution making such loans as it chose to make. Now the banking segment is a decreasing share of the total, in fact a minority share. There is the ability to tap savings anywhere in the world, say in Japan, and invest them in the Euro-capital market, buying whatever form of security you desire in whatever currency. I think this is a very positive development which has happened because markets are now tied together 24 hours a day, seven days a week. That's possible because of telecommunications, satellites, terminals that can instantly recall and reflect what's going on in markets around the world, and personal computers that allow professional traders to see where arbitrage opportunities exist.

What does that mean for the saver or investor?

It means they have a long menu of viable instruments to look at. The larger the amount of savings to be employed, the more options need to be provided. And the small investor also has access to a wide variety of instruments never before available at that level. Financial institutions that want to be world-class players need to have a strong position at least in London, New York and Tokyo, the principal around-the-clock trading markets. We do that at Shearson Lehman Brothers, and we intend to grow that business further. Now a borrower that has the credit standing to participate in those markets can borrow in any currency. Once having set the liability structure, it can change the characteristic of that by going into the futures market or by participating in spot transactions. So the whole game of asset and liability management is of greater dimension than it's ever been before.

What impact does this have on the corporation's ability to raise capital?

It gives the corporation many more options because it can borrow either in its own currency or a foreign currency and then, through swaps, hedge its risks against fluctuations in those currencies. Or, conversely, if it has a stream of Swiss income, for instance, it can borrow in the Swiss franc market without the kinds of

delays that were present only a few years ago because of restrictions by the Swiss authorities. As a result, the corporation now has an almost infinite variety of packages available that combine risk, cash flow, maturity and currency. At the same time, there are many more world-class competitors out there offering funds either as agent or principal.

What about the United States-Japanese relationship in the securities markets?

The Japanese have been substantial providers of funding for the U.S. government for the past few years. We have, in effect, financed an important piece of our budget deficit through the sale of government securities to Japanese institutions. This has been good for us and good for the Japanese institutions looking for higher yield opportunities than they could get at home, along with credit safety and liquidity. The Japanese have such an incredible source of savings that it far exceeds their capacity to employ those funds domestically. And so those funds have been coming out in substantial amounts—last year over $130 billion in gross outflow. Most of that comes to the U.S., and the bulk of it goes into government securities. The danger is that at some point, if we continue to run these immense deficits, the Japanese and other foreign investors will lose their appetite for owning our government paper. So this essentially "hot money" can flow out just as it flowed in.

Do you see any silver lining in that potential cloud?

What the Japanese have been doing with some of their funds is investing in more productive facilities, such as buying operating plants in this country. I see that as a very constructive thing because it sterilizes some of that hot money by making it less movable and less liquid. It also creates jobs in the U.S., and that's very helpful in offsetting some of the protectionist pressures we've been getting in this country because of our large balance of payments deficit and the fact that we have been de-industrializing America over the last several years.

Could there be a backlash from that type of investment?

I think it's a matter of degree. There might be a problem if they took over a significant proportion of an industry, such as one that's important to our national security or to our technology, or if they concentrated too much of their activity in one geographic area. But remember, there are many mayors and governors in this country who would line up at the door to attract Japanese investment to their communities because it means jobs. In general, it's very constructive for the Japanese to recycle some of their excess savings and some of their trade surplus into manufacturing operations in the U.S.

You have other ideas on how the Japanese should invest their trade surplus.

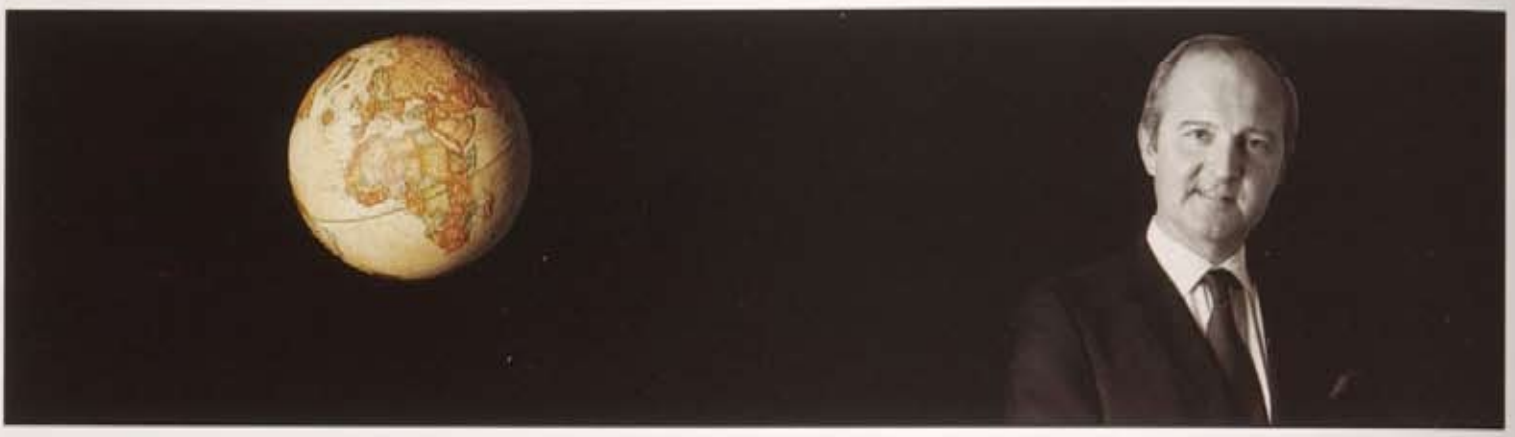
What are those?

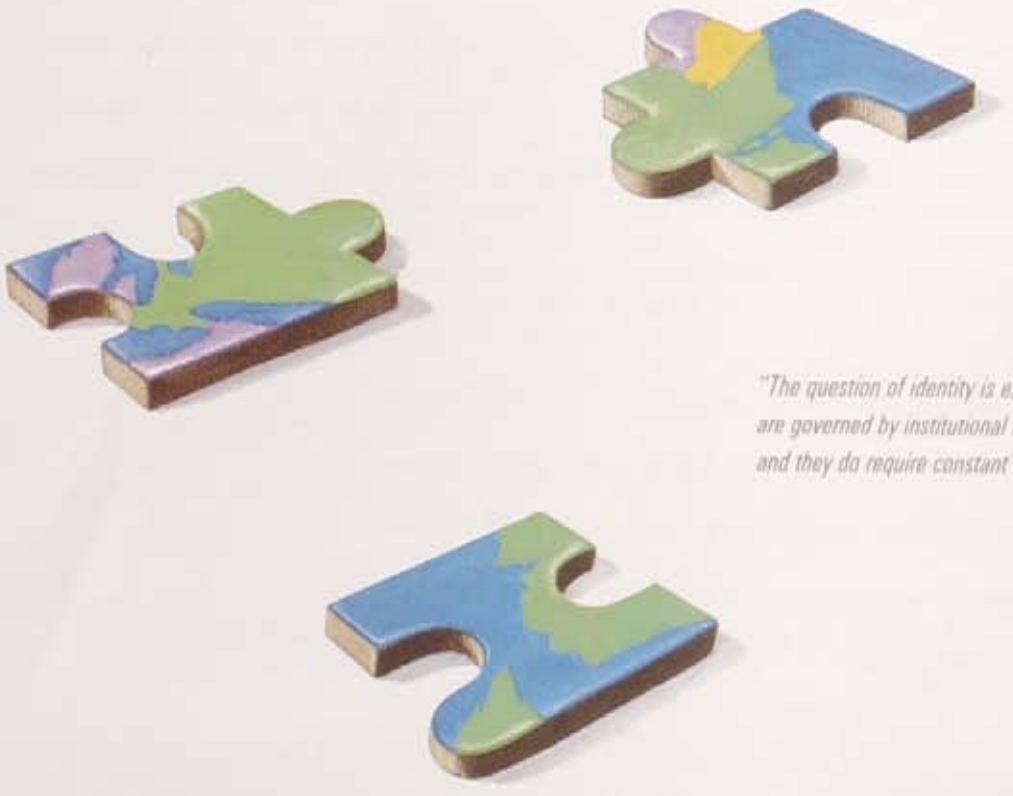
I have proposed what I call a Global Security Initiative, a kind of Marshall Plan concept, that calls for trade-surplus nations such as Japan to take the lead in direct investment in the developing countries of the world. It's my contention that just as national security entails both the economic and military strength of a nation, so global security is achieved through the health and stability of our world economic systems as well as through defense spending. There are many ways in which the Japanese can lead the way in this effort, either through investment by the private sector or by the government's participating in a variety of guarantee forms or funding mechanisms, preferably in conjunction with an institution such as the World Bank. Overall, I'm encouraged by the response to my Global Security Initiative proposal, and some pieces of it already seem to be in the works.

What do you see happening to the financial services industry in the framework of globalization?

First, I should stress the tremendous increase we've seen in international liquidity. Today, world-wide dollar capital flows exceed the volume of world trade in goods by a factor of 50 to 1. And, as I mentioned earlier, competition has vastly increased as well. As a result, financial institutions and regulators around the world are coming to grips with the new realities of domestic and international marketplaces. A notable example of that was last year's deregulation in the United Kingdom, London's "Big Bang." By that move, the London financial community leapfrogged ahead of us and is now better positioned for global competition than we in the U.S. are. The same thing is happening throughout Europe and elsewhere. Changes in banking, securities and insurance laws that just a few years ago people thought wouldn't happen in this century are now underway. They're opening up the markets to more competition, and that's very constructive. We need to do the same in the U.S. or else we'll be left behind.

Robert B. Horton
Chairman and Chief Executive Officer
The Standard Oil Company





"The question of identity is extremely important because although most markets are governed by institutional investors, it is true they have a lot to choose from, and they do require constant updating."

Why is the globalization of American business significant?

Just two decades ago only five percent of our gross national product was in international trade. Now it's 15 to 20 percent and increasing rapidly. If you look at the statistics, you will see that American involvement in overseas business has roughly doubled in nominal terms since 1979 and so has the total business of foreign companies in the United States. That's a healthy development and it should be encouraged.

Even though Standard Oil is a major industrial company, you're particularly interested in the globalization of the financial markets. Why?

The reason the financial services markets have gone global has to do with information technology and the fact that we can have precise and real-time knowledge of every bond and every currency being traded throughout the world 24 hours a day. This means that companies such as ours, which handle billions of dollars a year in cash flow and some multiple of that in terms of foreign exchange, must be awake 24 hours a day and basically pass our book on around the world. After all, you still have mismatches between aspirations and needs, as well as timing mismatches, and so it behooves a large modern corporation with billions of dollars in play at any time to behave in a totally global way.

Haven't American companies tended to overlook the importance of currency fluctuations?

Yes, but they can't do that any longer. The sharp rise in the value of the dollar in the first half of the Eighties and the sharp fall over the last two years have proved that. If you're manufacturing in the country in which you happen to be selling, then you have a natural hedge against fluctuations in foreign currency. If, however, you're manufacturing elsewhere and exporting to that country, it's important that you get the currency hedge right.

Should a company trade in foreign currencies? Isn't that speculation?

It's my contention that taking a view on foreign currency is not speculation. In my opinion, not taking a view on foreign currency fluctuations is speculation.

Why is that?

Because we now have enough knowledge to be able to take an intelligent view of what is going to happen, whereas five years ago someone would have said that whatever happens outside my domestic currency is somebody else's business—after all, my balance sheet is published in my domestic currency. But you can't run a decent

market operation any longer if you operate on that philosophy because the swings of currency may far, far exceed your marketing posture. An intelligent corporate manager cannot just remain passive in the face of currency fluctuations. There are some tragic examples of companies that went out of business because, among other reasons, they were unable to cope with currency swings.

What about the concern that there may be too much foreign ownership in the United States?

I think it's very much better that we should encourage foreign investment here than that we should encourage foreign imports to come into the U.S. Foreign investment provides jobs here, while imported goods mean jobs elsewhere. The great social blight of our times is unemployment. We cannot afford to keep exporting the number of jobs that are going overseas. You either prevent that from happening by erecting trade barriers, which means that sooner or later you become uncompetitive; or you welcome foreign investment into this country and manufacture those things that otherwise would be made elsewhere and imported.

Are you concerned by the growing protectionist sentiment in this country?

Very much so. If we start to erect barriers to the globalization we've been talking about, we will be the sufferers because what lurks behind trade barriers are inefficient work practices, lower productivity, greater union strength and all the things that helped debilitate my native country of Great Britain in the Sixties and Seventies. In the U.S., if we do allow protectionism, productivity will decline quite measurably and, in due course, American industry will find itself falling further and further behind. That's not to defend restrictive trade practices abroad. We in America should do everything we can to bring home, especially to Far Eastern countries, and to European countries to a lesser extent, that their barriers to free trade must be removed.

How do you establish an international identity?

It takes a good deal of attention. A lot of shoe leather. A good communications program. Being responsive. Holding investor relations meetings. The question of identity is extremely important because although most markets are governed by institutional investors, it is true they have a lot to choose from, and they do require

constant updating. Even if within a model portfolio they say they're going to have 14 percent in oils, they do have a good deal of choice. And since we changed our name back to The Standard Oil Company about a year ago, we have to reinforce our image and let them know what we stand for.

What's the best way to establish a presence in a foreign country?

The first thing to do is employ the nationals of that country as much as possible. But don't be afraid to have one or two of your own nationality in reasonably key positions because if you are establishing your presence in that country, then you believe you have something to bring to the party. But also establish development programs that enable you to employ the nationals as soon as possible.

Looking ahead, what's going to happen with globalization?

It's irreversible. The fact is that there have been barriers to trade erected over the last thousand years. They've never worked; they always come down in the end. You can't repeal the law of comparative advantage, which says if you have an advantage in capital or labor costs, then trade will ultimately flow your way. And if it doesn't flow your way, then currencies will adjust, and the trade will flow. So I believe we will see more globalization. The real challenge we face is dealing with the imbalances in manufacturing between the developed and the emerging nations. We're not going to be able to export our unemployment to the LDCs because they won't have any money to pay for our products.

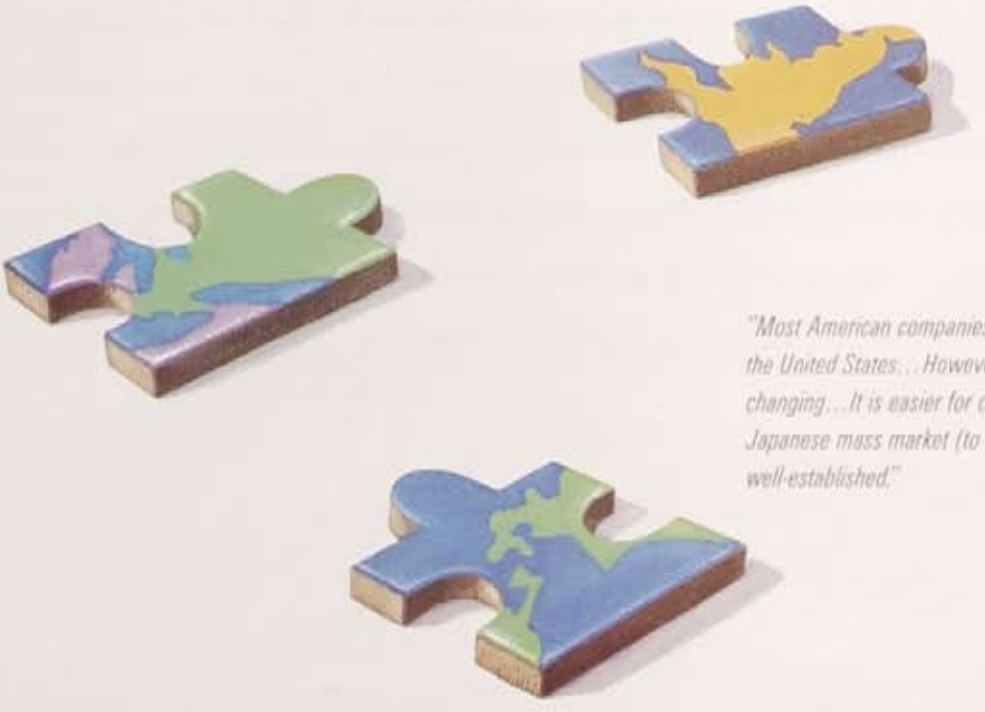
Do you have any specific ideas?

I think we should create a Marshall Plan for the developing nations, one to which Japan, as well as the U.S. and Europe, should contribute. It was the Marshall Plan that revived the economies of Europe after World War II, and it also provided markets—and jobs—for the American economy during a period of prolonged postwar prosperity. Unless the industrialized world helps stimulate the economies of the LDCs, we're not going to have the markets we need for the Nineties and the next century.

Takuro Isoda

Chairman and Chief Executive Officer

Daiwa Securities America Inc.



"Most American companies are still not accustomed to raising money outside the United States... However, this emphasis on raising money domestically is changing... It is easier for companies already selling consumer goods in the Japanese mass market (to raise money abroad) because their names are well-established."

How do you as a Japanese investment banker look at American companies interested in raising money overseas?

Most American companies are still not accustomed to raising money outside the United States. They have traditional domestic relationships, and when they do look at markets overseas, such as the Euro market or the Tokyo market, they usually expect the cost of money to be much lower. But that may not be true any more because of arbitrage. However, this emphasis on raising money domestically is changing. Right now, for example, the key factor may not be the cost of money but the availability of funds. There is, obviously, a great deal of liquidity in Japan, and our objective at this point is to convince American companies that are not accustomed to raising funds abroad to think about the Japanese and Euro markets. Sometimes it is difficult to convince them, but we are slowly making progress.

What can an American company do to make itself more attractive to foreign investors when it does decide to raise money abroad?

First of all, it is easier for companies that are already selling consumer goods in the Japanese mass market because their names are well-established. But there are other excellent companies whose names may be very familiar in the U.S. but are not well-known in Japan. Whenever a top executive of one of those companies goes to Japan, he should use the opportunity to make a presentation to a group of institutional investors and investment managers.

How about listing their shares on the Tokyo Stock Exchange?

We think this is very important—for several reasons. First, the company will then become known to hundreds of thousands of people in Japan and that will make it easier for investment bankers to place new shares or bonds. It also demonstrates to government and business leaders that the company has made a real commitment to Japan. In addition, by making the company better known, a listing will help it recruit talented young people to come to work for it. But we don't always recommend that American companies apply for a listing on the Tokyo Stock Exchange.

First, we try to distribute their shares to Japanese investors. If there is a favorable response, we might ask the top executives to make a presentation. If that produces a positive outcome and trading in the stock is

active, then we might suggest they seriously consider a Tokyo listing. Another advantage is that the documentation required for such a listing is a good part of all that is required for a public offering of debt or equity in Japan. Therefore, if a company is interested in such an underwriting in Japan, it is already half-way there and that means it can raise the funds it needs much faster.

American companies have been accused of ignoring export markets, largely because the domestic market was so large and then because the dollar was so strong. Now that the dollar has weakened, do you see Americans becoming more competitive abroad?

If American companies sharpen their pencils and increase their emphasis on exports, they will be all right. But they must not depend on a weaker dollar. Historically, nations that experienced constantly weakened currencies were the losers. As the dollar becomes cheaper, it is easier to sell products abroad. But if they depend on that, inflation and other problems will emerge.

American companies make a mistake when they try to use marketing techniques applicable in the States to the Japanese market. They should not try to twist the Japanese consumer's arm or make them conform to American taste. Instead, they must adapt themselves to the preferences of the Japanese.

But I'm not only criticizing American manufacturers and exporters. Japanese consumers should take better advantage of the stronger yen and buy more imported goods. As seen in the high Japanese savings rate, they are not spending as much as they should in view of the strength of the yen.

Should Americans be concerned that too much of the United States is being bought up by foreigners?

I don't think so. You have such a huge country that it's hard to characterize the direct foreign investment that has taken place as an invasion. Even if foreign companies take over important companies in the U.S., those purchases will soon be melded into American society. As far as Japanese companies are concerned, they much prefer to make minority investments or joint ventures or build their own production facilities.

Why haven't Japanese companies made more acquisitions here?

First, Japanese executives would rather develop a brand-new operation using their own management techniques than take over an existing facility where American employees are accustomed to their traditional systems. Also, keep in mind that this is just the beginning of Japanese expansion into overseas markets.

And so it tends to be very conservative, seeking to minimize the risk. But the next generation will be another story. They have much more exposure to living abroad, and they can communicate more effectively. This, in turn, eliminates the possibility of misunderstanding. I think they will be more aggressive in acquiring American companies. But that won't occur for another ten to twenty years.

What about the impact of the weaker dollar and the stronger yen on the Japanese economy?

When the yen was at 250 to the dollar everybody thought that at a rate of 150 every Japanese company depending on exports would disappear. Well, as the yen strengthened, these export-oriented companies are still doing all right, although a number of them have major headaches. But if the exchange rate drops down close to 100, then something will really have to be done.

This could mean an acceleration of shifting production out of Japan. Then comes the problem of employment. Japanese companies are known for their lifetime employment system. It may sound drastic, but we can't exclude the possibility of transferring manpower from Japan to the U.S. After all, this is the biggest market, and many Japanese executives know that they have to transfer their production to the marketplace. The companies could also export their production in the U.S. to Japan.

Would that help reduce the move toward protectionism in this country?

That would indeed mitigate trade friction. But I want to stress that Japanese industry should no longer depend on exports. If Japanese really want to export, they should export production facilities. Then they will be providing benefits to the countries where those operations are located.

What's the next step after the establishment of production facilities overseas?

As globalization continues, I can see some Japanese companies shifting their headquarters overseas—say from Tokyo or Osaka to New York or London or Paris, whichever is more convenient and efficient for global control of operations. A company has to survive, and it must always look for the best way to do that. But first we must achieve a melding of the company, and then we can forget about its nationality. When that is accomplished, we may no longer have to worry about such things as trade friction.

Edmund T. Pratt, Jr.
Chairman and Chief Executive Officer
Pfizer Inc.

"Many people still have the wrong image of what business stands for. So it's essential for us to communicate vigorously and effectively to get our various messages across both here and abroad. It's not easy, it's expensive, but it's worth it over the long term."

What does the increasing globalization of American business mean to your operations?

As a businessman, it's always been my job to produce and market quality products at competitive prices. That job has become more complicated by the emerging global marketplace. We compete now with companies from around the world and not just in the United States. At the same time, our own marketplace is increasingly global. This complicates our tasks but also increases our opportunities.

How has this situation changed in recent years?

After World War II we had a massive amount of investment going overseas from the U.S. We had the biggest economy in the world, and the second biggest was what we owned abroad. We became extremely successful by investing abroad. We did it in part because the only way you could get your product into those countries was to manufacture it there. It was partly protectionist, but mostly it was because they didn't have any hard currency. It was just the opposite of the situation today, when we've become the biggest debtor in the world. In those days, we were encouraging our people to buy foreign products so those countries could afford to buy from us. But now we owe all this money to the rest of the world, and there are worries about how they are going to collect.

What about the concerns that American jobs will be lost due to this globalization of industry?

Labor has made the argument over the years that it's bad to allow American companies to invest abroad because they take jobs over there. Actually, it's just the opposite. About 40 percent of all U.S. manufactured goods that are exported go to foreign subsidiaries of American companies. If you measure job creation in the U.S., companies that invest abroad, that have plants overseas, have more growth in their U.S. employment than companies that don't have plants abroad. The sum of all this is that investment abroad is good for both U.S. business and labor.

What about the reverse?

The same thing will happen. Those foreign companies that are operating here are going to do better as well. I'm sure we're going to see more foreign investment in the U.S.

Any concern about too much of American business being owned by foreigners?

There might be. But that's like saying we shouldn't have been allowed to invest abroad. We're a long way from any real worries. It's something like saying too much of Florida is owned by people from New York. You can't start creating those limitations. In the final analysis, the answer has to be the concept of a world economy.

What about the often-heard charge that American companies aren't export-minded?

I don't accept that. I've spent a lot of time over the last half-dozen years actively involved in this international relationship issue, and I think the majority of our companies *are* world-oriented. The reason we've had the image of not being export-minded is that the percentage of our goods that we exported was much smaller than what we sold at home. Our companies could become world-class producers without going outside our own markets.

But aren't there some limits on American competitiveness?

It's certainly true that there are certain areas where pure labor costs are critical, and that's where we are going to have trouble being competitive. We used to be able to overcome that with greater productivity, but the world is smaller now. When we get some new ideas on productivity, the rest of the world gets them pretty fast. But we're still far ahead in creativity and research. We spend as much on research as Japan and Europe put together. They're growing faster than we are, but we're still massively ahead.

What about the charge that American companies just aren't competitive anymore?

In general I think that's a bum rap. Prices have had a lot to do with it. Up to 1981, our balance of trade was doing all right. Obviously, we didn't lose our ability to compete in just one year. What happened was that the dollar shot up, and that opened a lot of doors for foreign competition that weren't open before. We haven't lost our ability to compete at all. It's just that the rest of the world has gotten a lot tougher, and we've got to get even better. And we're all working hard to do it, even those who haven't been really challenged yet.

How important is the dollar?

It's critical. All the things you try to do to remain competitive can be washed down the drain by a few upward moves of the dollar. You could spend a year doing dramatic things in marketing and cutting costs, and in a week the change in the dollar could offset it all. Permitting the dollar to get out of hand is something we can't accept again. We in the business community warned that if it wasn't changed soon, it would be very difficult

to turn around. You get entrenched competitive patterns, and your competitors aren't going to give up their positions. So currency values are absolutely critical factors in the international flow of goods and services.

What kind of corporate image do you want to project in this global environment?

We believe we make the best-quality products we possibly can. We spend huge amounts of money and devote our best talents to developing new products: cures for diseases, treatment for pain. Innovation is our ultimate challenge. We want to communicate that image, both to the outside world and inside our company. In addition, we've long accepted—long before the pressures of the last 20 years—the concept of corporate responsibility. Most major corporations have long been aware of their basic responsibilities for creating jobs, products and standards of living. But in addition to getting things done, they are a critical resource to society. We are much more involved in all forms of democracy than we were 20 years ago. But many people still have the wrong image of what business stands for. So it's essential for us to communicate vigorously and effectively to get our various messages across both here and abroad. It's not easy; it's expensive, but it's worth it over the long term.

Just how important is world trade?

I don't like to use the word 'trade', since these days it's just as much a matter of investment as the exchange of goods and services, but the closer together we come through world economic relationships, the better opportunities we have of raising everyone's standard of living and also of promoting peace. Most of us in international business believe that what we've been doing in our own self-interest is having more impact in bringing the world closer together than any other type of activity. When we're all tied together economically, the chance of war becomes more and more remote. The ultimate salvation of mankind may very well be an inter-related world economic structure.

Here are some of the companies with whom we have been associated since 1945.

Acustar
American Can Packaging
American Express
AmeriTrust
Amtrak
Arkwright-Boston Insurance
Atlantic Richfield
Beneficial Corporation
Bonimart
Bowery Savings Bank
Burlington Northern
Caltex Petroleum
Canadian Pacific
Centerior Energy
Chemical Bank
Chevron
Chrysler Corporation
Cities Service (CITGO)
Coca-Cola
Comerica
Consolidated Edison
Del Monte
Duracell Inc.
Eastern Airlines
Eaton
Enron Corp.
Federal Express
Firestone
Firstier
First Union
General Motors
Genstar
Goldman Sachs
Goldome
Hardee's
Hartmarx
Hertz
Humana
E.F. Hutton
Isuzu Motors
Johnson & Johnson
Lifetouch
Loeb, Inc
Mead Johnson
Meritor Financial Group
Midlantic Bank
Noxell
NYNEX
Neworld Bank
New York Life
Olin
PacifiCorp
Papa Gino's
Pathmark
Pizza Hut
Portland General
Primerica Corporation
Public Service Company of New Mexico
Public Service Enterprise Group
RCA
Rainier Bank
Ryder System Inc.
SCANA
Salomon Brothers
ServiStar
The Standard Oil Company
Julien J. Studley
Sunoco
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Tambrands
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☐ Retail Identity
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☐ Speeches by Clive Chajet, chairman and chief executive officer, on corporate identity

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Printed in USA